

27 February 2023

Half-Year Financial Results for 6 Months to 31 December 2022

Summary

- Gold production of 62,944 ounces and gold sales of 65,105 ounces for the six months to 31 December 2022.
- Sales revenue of \$159.82 million.
- Commercial production declared at the King of the Hills (KOTH) gold mine on 16 December 2022, with production guidance for 2H FY2023 of 90k-105koz at AISC of A\$1,750-1,950 per ounce.
- Underlying EBITDA^(*) of \$12.23 million and a net loss after income tax of \$28.54 million.
- Net cash inflow from operating activities of \$27.55 million (before growth capital).
- \$26.04 million in cash and metal accounts at period-end, with an underwritten equity raising of \$90 million (including SPP) announced on 23 February 2023.

(*) Underlying EBITDA is an unaudited non-IFRS measure.

Red 5 Limited (ASX: RED) (“**Red 5**” or “the **Company**”) today announces its financial results for the half-year ended 31 December 2022.

The reporting period saw the Company progress the ramp-up to steady-state gold production, at the King of the Hills (KOTH) gold mine, located in the Eastern Goldfields region of Western Australia. Mining operations continued at the Darlot underground mine throughout the reporting period, whereby the Darlot processing plant operations ceased in July 2022 and the Darlot ore commenced being trucked to the KOTH processing hub.

The Company delivered total gold production from both operations of 62,944 ounces, for the six months ending 31 December 2022, which were recovered from 2,012,624 tonnes of ore processed at an average head grade of 1.07g/t Au.

Gold sales of 65,105 ounces for the half-year, underpinned revenue of \$159.82 million. The Company posted a net loss after income tax of \$28.54 million, reflecting the impact of reduced ounces produced and sold as a consequence of lower mill throughput and lower feed grade during the initial stages of open pit mining.

Investments in sustaining and growth initiatives for the period totalled \$91.97 million. This was primarily attributable to the pre-stripping and mine development in the KOTH open pit and underground mines of \$59.22 million, mine development at Darlot of \$10.80m and \$15.14 million for the construction of Tailings Storage Facility 5 (TSF5). Going forward, growth expenditure is forecast to reduce substantially due to:

1. Completion of the Stage 1 open pit cutback at the beginning of February 2023, which coincides with lower planned total material movement in the open pit of approximately 10%;
2. The completion of mine development at Darlot and contractor demobilisation in January 2023;
3. Completion of the TSF5 Facility in early April 2023, which will provide tailings capacity for the next 4-5 years with ongoing tailings lifts. Bulk earthworks for TSF5 were completed in January 2023.

It is noted that Stage 1 open pit mining is now accessing the larger contiguous ore zones of the primary ore body. Pre-stripping of Stage 2 is scheduled to begin in the September Quarter 2023 while mining of

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the primary orebody in Stage 1 continues. The bulk stockwork zone contained within the granodiorite orebody results in strip ratios falling significantly once the primary orebody is exposed. Mining concurrently with Stage 2 allows for consistent overall rates of open pit mining and a more stable stripping profile in future periods.

Finance expenses for the period totalled \$11.04 million relating to interest expenses, amortisation of borrowing costs and interest on leases. The first debt repayment of \$10.5 million for the \$175 million KOTH debt facility was completed in December 2022, with \$164.5 million remaining outstanding as at 31 December 2022.

The Company's cash and bullion balance as at 31 December 2022 stood at \$26.04 million, with an underwritten equity raising of \$90.0 million (before transaction costs) announced on 23 February 2023. The raising comprises a fully underwritten \$80.0 million share placement and a fully underwritten Share Purchase Plan to eligible shareholders of \$10.0 million (see ASX Announcement dated 23 February 2023).

Commenting on the December 2022 half-year results, Red 5's Managing Director, Mark Williams, said:

"After a period of ramping up the KOTH mines and process plant, we are now firmly on track at KOTH – with our open pit catch-up plan completed in early February 2023 and mining now underway within the primary, higher-grade ore body delivering increasing ounces. Red 5 is now well-positioned to deliver our production guidance of between 90,000 and 105,000 ounces at an AISC of A\$1,750-1,950 per ounce in the second half.

"In addition, following the completion of our recently announced capital raising, the Company has strengthened the balance sheet to support steady-state operations and provides a robust platform for growth. This will enable us to progress key growth initiatives, including the ongoing expansion study at King of the Hills which is expected to be completed in the second half of FY2023."

ENDS

Authorised for release by the Board.

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Red 5 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.